

All interested persons and Staff are permitted to attend.

Lois D. Cashell,

Secretary.

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## ENVIRONMENTAL PROTECTION AGENCY

[FRL-5695-6]

### Air Pollution Control; Proposed Actions on Clean Air Act Grants to the Ventura County Air Pollution Control District

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Proposed determination with request for comments and notice of opportunity for public hearing.

**SUMMARY:** The U.S. EPA has made a proposed determination that a reduction in expenditures of non-Federal funds for the Ventura County Air Pollution Control District (APCD) in Ventura, California is the result of a non-selective reduction in expenditures. This determination, when final, will permit Ventura County APCD to keep the financial assistance awarded to it by EPA for FY-96 under section 105(c) of the Clean Air Act (CAA).

**DATES:** Comments and/or requests for a public hearing must be received by EPA at the address stated below by March 31, 1997.

**ADDRESSES:** All comments and/or requests for a public hearing should be mailed to: Sara Bartholomew, Grants and Program Integration Office (AIR-8), Air Division, U.S. EPA Region 9, 75 Hawthorne Street, San Francisco, California 94105-3901; FAX (415) 744-1076.

**FOR FURTHER INFORMATION CONTACT:** Sara Bartholomew, Grants and Program Integration Office (AIR-8), Air Division, U.S. EPA Region 9, 75 Hawthorne Street, San Francisco, California 94105-3901 at (415) 744-1250.

**SUPPLEMENTARY INFORMATION:** Under the authority of Section 105 of the CAA, EPA provides financial assistance (grants) to the Ventura County APCD, whose jurisdiction includes Ventura County in southern California, to aid in the operation of its air pollution control programs. In FY-96, EPA awarded the Ventura County APCD \$1,398,500, which represented approximately 22% of Ventura's budget.

Section 105(c)(1) of the CAA, 42 U.S.C. 7405(c)(1), provides that "[n]o agency shall receive any grant under

this section during any fiscal year when its expenditures of non-Federal funds for recurrent expenditures for air pollution control programs will be less than its expenditures were for such programs during the preceding fiscal year. In order for [EPA] to award grants under this section in a timely manner each fiscal year, [EPA] shall compare an agency's prospective expenditure level to that of its second preceding year." EPA may still award financial assistance to an agency not meeting this requirement, however, if EPA, "after notice and opportunity for public hearing, determines that a reduction in expenditures is attributable to a non-selective reduction in the expenditures in the programs of all Executive branch agencies of the applicable unit of Government." CAA Section 105(c)(2). These statutory requirements are repeated in EPA's implementing regulations at 40 CFR section 35.210(a).

In its FY-96 Section 105 application, which EPA reviewed in early 1996, the Ventura County APCD projected expenditures of non-Federal funds for recurrent expenditures (or its maintenance of effort (MOE)) of \$4,905,690. This projected MOE was not sufficient to meet the MOE requirements of the CAA, i.e. it was not equal to or greater than the MOE for the previous year (FY-95), which was \$4,928,948 according to the Financial Status Report (FSR) for FY-95. Furthermore, in January of 1997 the Ventura County APCD submitted to EPA the FSR for FY-96, which shows that the actual FY-96 MOE was \$4,588,325. This amount represents a shortfall of \$340,623 from the MOE for FY-95. In order for the Ventura County APCD to be eligible to keep its FY-96 grant, EPA must make a determination under § 105(c)(2).

The Ventura County APCD is a single-purpose agency whose primary source of funding is emission fee revenue. It is the "unit of Government" for § 105(c)(2) purposes. The reason for the lower MOE level in FY-96 is a series of efficiencies that Ventura County APCD has implemented. Ventura has provided to Region 9 documentation which shows that it has been able to reduce its administrative expenditures in its programs through cost saving measures which do not affect the performance of its air programs or reduce its expenditures for substantive environmental program activities. For example, Ventura has reduced indirect costs paid to the County by \$95,000 and reduced the need for outside contracts by \$70,000 by getting weather forecast information free from the Internet.

These cost saving measures were taken not because fee revenues had declined,

but because Ventura wanted to operate more efficiently.

Fee revenues in Ventura APCD are, however, projected to decrease significantly over the next few years because emissions will decrease. In order to avoid a future shortfall in revenue, Ventura has taken the savings generated by the efficiencies and placed them in a savings or dedicated reserve account. This account is dedicated to support only the District's air program, and would be used to cover shortfalls in meeting its MOE requirement in future years, as needed.

Consistent with the 105 program requirements, Ventura will not use federal funds to supplant local funds that are currently available for the program. The district will continue to operate its program at its current level as long as the fee revenues continue at their present pace. If the revenues drop, the district will tap the savings or reserve account to supplement fee revenue losses.

In summary, Ventura County APCD's MOE reductions resulted from a series of efficiency measures and the district has created a strategy to offset projected future loss of fee revenues with current savings. EPA proposes to determine that the Ventura County APCD's lower FY-96 MOE level meets the Section 105(c)(2) criteria as resulting from a non-selective reduction of expenditures. Pursuant to 40 CFR Section 35.210, this determination will allow the Ventura County APCD to keep the funds received from EPA for FY-96.

This notice constitutes a request for public comment and an opportunity for public hearing as required by the Clean Air Act. All written comments received by March 31, 1997 on this proposal will be considered. EPA will conduct a public hearing on this proposal only if a written request for such is received by EPA at the address above by March 31, 1997.

If no written request for a hearing is received, EPA will proceed to the final determination. While notice of the final determination will not be published in the Federal Register, copies of the determination can be obtained by sending a written request to Sara Bartholomew at the above address.

Dated: February 11, 1997.

David P. Howekamp,

Director, Air and Toxics Division, U.S. EPA, Region 9.

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